

AMENDED IN SENATE JUNE 24, 1999
AMENDED IN ASSEMBLY APRIL 27, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 493

Introduced by Assembly Member Floyd

February 18, 1999

An act to amend Sections 19403.5, 19410.8, 19415.8, ~~and 19533~~ 19533, 19602, *and 19613.05* of the Business and Professions Code, relating to horse racing.

LEGISLATIVE COUNSEL'S DIGEST

AB 493, as amended, Floyd. Horse racing: ~~barrel, show jumping, and steeplechase racing.~~

(1) Existing law authorizes the California State Fair, county fairs, and district agricultural association fairs to provide a program of mixed breed racing that includes, regardless of breed, steeplechase, barrel, and show jumping races, with parimutuel wagering authorized thereupon. Existing law also defines steeplechase, barrel, and show jumping races, and requires these races to be conducted in accordance with the rules and requirements of specified respective national associations.

This bill would instead provide that these races may be conducted in accordance with the rules and regulations of the respective national associations.

(2) Existing law generally requires that any license granted to an association other than a fair shall be for only a

single type of racing, except that the board may authorize the participation of thoroughbred and Appaloosa horses in quarter horse races subject to specified conditions. Existing law also provides that any association licensed to conduct quarter horse racing may apply to the board for, and be granted, the authority to conduct thoroughbred racing as part of its racing program, provided that specified conditions are met, including a requirement that the quarter horse association conducting thoroughbred racing shall pay to a quarter horse horsemen's organization an amount not to exceed 3% of the amount deducted for purses, for the payment of administrative expenses and services rendered to horsemen.

This bill would provide that notwithstanding any other provision of law, any quarter horse racing association or fair conducting steeplechase, barrel, and show jumping racing shall pay to the quarter horse horsemen's organization an amount not to exceed 3% of the amount deducted for purses, for the purpose of representing the horsemen and horsewomen conducting these races.

(3) Existing law provides that any racing association in this state may authorize betting systems located outside of this state to accept wagers on a race or races conducted or disseminated by that association, and may transmit live audiovisual signals of the race or races and their results to those betting systems, subject to the consent of the host association and applicable federal law. Existing law also provides that, with the exception of a thoroughbred association that hosts the series of races known as the "Breeder's Cup," the association shall pay a license fee to the state in an amount equal to 8% of the total amount received by the association from the out-of-state betting system.

This bill would exempt quarter horse associations from this license fee, and would instead provide that 8% of the amount received from the out-of-state betting system shall be deposited with the official registering agency to be distributed pursuant to certain existing provisions of law.

(4) Existing law requires any association that conducts a quarter horse meeting, except a mixed breed meeting, to pay from the portion deducted for purses an amount not to exceed



3% of that portion to the quarter horse horsemen's organization for administrative expenses and services rendered to horsemen. Existing law also requires that, until January 1, 2004, any association, including a fair, that conducts thoroughbred racing shall pay to the owners' organization a specified percentage of the amount deducted for purses for payment to a national marketing program, as specified.

This bill would require any association, including a fair, that conducts quarter horse racing to pay up to 1% of the portion deducted for purses to the contracting quarter horse horsemen's organization for use only in the promotion of horse racing in conjunction with a local, regional, or national horse racing marketing program. The bill would provide that the quarter horse horsemen's organization shall have the discretion to annually determine the purse amount distributed for this purpose, and shall be required to account for the receipt and expenditure of these funds and file a report with the board and certain committees of the Legislature on an annual basis. The bill would provide that the board of directors of the organization shall have discretion to select the marketing organization to receive these funds, and if the board of directors decides at any time not to contribute the full amount, the bill would require that prompt notice be given to the respective association or associations, that the unused funds be proportionally returned to the purse pool at the association where they were raised, and that the deduction shall cease until the horsemen's organization decides otherwise. This bill would also make clarifying, nonsubstantive, conforming changes to a related provision applicable to thoroughbred associations. These provisions would be repealed as of January 1, 2004.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19403.5 of the Business and
- 2 Professions Code is amended to read:
- 3 19403.5. "Barrel race" means a horse race around a
- 4 course with three barrels placed in a triangular pattern



1 which may conform to the requirements of the Women's
2 Professional Rodeo Association. Two barrel race courses
3 may be run simultaneously in the form of a heat.

4 SEC. 2. Section 19410.8 of the Business and
5 Professions Code is amended to read:

6 19410.8. "Show jumping race" means a horse race,
7 over obstacles made of artificial or natural material,
8 which is shorter than a steeplechase course, and is run by
9 horses for time with faults converted to time.
10 Requirements and rules for a show jumping race may
11 conform to the requirements and rules of the American
12 Horse Shows Association.

13 SEC. 3. Section 19415.8 of the Business and
14 Professions Code is amended to read:

15 19415.8. "Steeplechase race" means a horse race over
16 obstacles made of natural or artificial material and
17 includes both hurdle and timber races. Rules for a
18 steeplechase race may conform to rules of the National
19 Steeplechase and Hunt Association.

20 SEC. 4. Section 19533 of the Business and Professions
21 Code is amended to read:

22 19533. (a) Any license granted to an association other
23 than a fair shall be only for one type of racing,
24 thoroughbred, harness, or quarter horse racing as the case
25 may be, except that the board may authorize the entering
26 of thoroughbred and Appaloosa horses in quarter horse
27 races at a distance not exceeding five furlongs at quarter
28 horse meetings, mixed breed meetings, and fair
29 meetings. If the board authorizes the entering of
30 thoroughbred or Appaloosa horses in quarter horse races,
31 the following conditions shall be met:

32 (1) Any race written for participation by quarter
33 horses, Appaloosas, and thoroughbreds shall be written as
34 quarter horse preferred.

35 (2) The number of races written as quarter horse
36 preferred at a distance exceeding 870 yards shall not
37 exceed more than three races per program without the
38 consent of the quarter horse horsemen's organization
39 contracting with the association.

1 (3) More than one-half of the races on any program
2 shall be for quarter horses at a distance not to exceed 550
3 yards, unless the consent of the quarter horse horsemen's
4 organization is received.

5 (4) Mixed races with Appaloosa and quarter horses
6 may only be written with the consent of the quarter horse
7 horsemen's organization contracting with the association.

8 (b) The association that conducts the meeting shall
9 pay to a thoroughbred trainers' organization an amount
10 for a pension plan for backstretch personnel to be
11 administered by that trainers' organization equivalent to
12 1 percent of the amount available to thoroughbred horses
13 for purses. The remainder of the portion shall be
14 distributed as purses. Any redistributable money paid to
15 the board pursuant to Section 19641, which is paid to a
16 welfare fund established by a horsemen's organization
17 from races with both thoroughbred and quarter horses,
18 shall be divided pro rata between the two welfare funds
19 based on the number of thoroughbreds and quarter
20 horses in the race.

21 (c) (1) Notwithstanding any other provision of law,
22 any association licensed to conduct quarter horse racing
23 may apply to the board for, and the board shall grant,
24 authority to conduct thoroughbred racing as part of its
25 racing program if all of the following conditions are met:

26 (A) The thoroughbred races are for a claiming price of
27 not more than five thousand dollars (\$5,000), and at a
28 distance of four and one-half furlongs or less. The races
29 may not be stakes, allowance races, or maiden allowance
30 races.

31 (B) More than one-half of the races on any program
32 shall be for quarter horses at a distance not to exceed 550
33 yards, unless the consent of the quarter horse horsemen's
34 organization is received.

35 (C) The consent of the quarter horse horsemen's
36 organization contracting with the association is obtained
37 with respect to the inclusion of thoroughbred racing.

38 (2) The quarter horse racing association conducting
39 thoroughbred racing pursuant to this subdivision shall
40 pay to a quarter horse horsemen's organization the

1 amount specified in subdivision (e) of Section 19613, and
2 an amount for a pension plan for backstretch personnel
3 to be administered by a thoroughbred trainers'
4 organization equivalent to 1 percent of the amount
5 available to thoroughbred horses for purses. The
6 remainder of the portion shall be distributed as purses.
7 The quarter horse racing association shall also deduct the
8 appropriate amount to comply with subdivision (a) of
9 Section 19617.2 for distribution to the thoroughbred
10 official registering agency.

11 (d) Notwithstanding any other provision of law, any
12 quarter horse racing association or fair conducting barrel
13 racing, show jumping racing, or steeplechase racing shall
14 pay to the quarter horse horsemen's organization the
15 amount specified in Section 19613 for purposes of
16 representing the horsemen and horsewomen conducting
17 these races.

18 *SEC. 5. Section 19602 of the Business and Professions*
19 *Code is amended to read:*

20 19602. (a) Notwithstanding any other provision of
21 law, any racing association in this state may authorize
22 betting systems located outside of this state to accept
23 wagers on a race or races conducted or disseminated by
24 that association and may transmit live audiovisual signals
25 of the race or races and their results to those betting
26 systems, except that any authorization is subject to the
27 consent of the host association and applicable federal
28 laws, including, but not limited to, Chapter 57
29 (commencing with Section 3001) of Title 15 of the United
30 States Code.

31 (b) (1) Except as provided in ~~paragraph~~ *paragraphs*
32 (2) *and* (3), any racing association described in
33 subdivision (a), when it authorizes betting systems
34 located outside of this state to accept wagers on a race,
35 shall pay a license fee to the state in an amount equal to
36 8 percent of the total amount received by the association
37 from the out-of-state betting system. In addition, with
38 respect to thoroughbred racing only, 3 percent of the
39 amount remaining after the payment of the license fee
40 shall be deposited with the official registering agency

1 pursuant to subdivision (a) of Section 19617.2, and shall
2 thereafter be distributed in accordance with subdivisions
3 (b), (c), and (d) of Section 19617.2. The remaining
4 amount received by the association shall be distributed to
5 the association that conducts the racing meeting and to
6 horsemen participating in that racing meeting as follows:
7 50 percent to the association as commissions, and 50
8 percent to the horsemen as purses. All rents, costs, and
9 fees shall be deducted pursuant to a contract between the
10 association that conducts the racing meeting and the
11 horsemen participating in the racing meeting.
12 Notwithstanding any other provision of law, racing
13 associations may form a partnership, joint venture, or any
14 other affiliation in order to negotiate terms and
15 conditions of agreements with out-of-state betting
16 systems.

17 (2) A thoroughbred association that hosts the series of
18 races known as the “Breeder’s Cup” shall not be required
19 to pay to the state the license fees required pursuant to
20 paragraph (1). Amounts received by the association from
21 out-of-state betting systems as wagers on Breeder’s Cup
22 races shall be distributed as follows: 50 percent as
23 commissions to the association that conducts the racing
24 meeting, and 50 percent as purses to the horsemen
25 participating in the meeting.

26 (3) *A quarter horse association shall not be required to*
27 *pay the state the license fee required pursuant to*
28 *paragraph (1). For quarter horse racing, 8 percent of the*
29 *total amount received by the association from the*
30 *out-of-state betting system shall be deposited with the*
31 *official registering agency pursuant to subdivision (b) of*
32 *Section 19617.7 and shall thereafter be distributed in*
33 *accordance with subdivisions (c), (d), and (e) of that*
34 *section.*

35 (c) With the permission of the board, wagers accepted
36 by betting systems located outside of this state may be,
37 but are not required to be, included in the parimutuel
38 pool of the association that conducts the racing meeting
39 in this state. If the wagers accepted by betting systems
40 located outside of this state are included in the

1 parimutuel pool of the association that conducts the
2 racing meeting in this state, the betting system located
3 outside of this state shall, if permissible under applicable
4 law, deduct from the total amount handled in each
5 conventional and exotic parimutuel pool the same total
6 percentages deducted pursuant to Article 9.5
7 (commencing with Section 19610) by the association that
8 conducts the racing meeting in this state. If the laws of the
9 jurisdiction in which the betting system is located do not
10 permit the betting system to deduct the same
11 percentages as are deducted by the association that
12 conducts the racing, the board may, nonetheless, permit
13 the inclusion of those out-of-state wagers in the
14 association's parimutuel pool if the board determines it to
15 be in the public interest of this state to do so.

16 (d) If wagers accepted by an association conducting
17 racing within the state and wagers accepted by a betting
18 system located outside of the state are combined in one
19 parimutuel pool and the association and the betting
20 system both deduct the same total percentages as set
21 forth in subdivision (c), the breakage shall be allocated
22 between the association and the betting system on the
23 basis of a calculation for distribution approved by the
24 board.

25 (e) If wagers accepted by an association conducting
26 racing within the state are combined in one parimutuel
27 pool with wagers accepted by a betting system located
28 outside the state and the association and the betting
29 system deduct different percentages from the amount
30 handled in the parimutuel pool, the precise calculation
31 and distribution of payments on winning tickets and
32 breakage between the association and the betting system
33 shall be on the basis of a calculation for distribution
34 approved by the board.

35 (f) The board shall report to the Department of
36 Finance whenever it approves a calculation for
37 distribution pursuant to subdivision (d) or (e) and the
38 projected impact of that calculation, if any, on state
39 revenues.



(g) Breakage allocated pursuant to this section to an association conducting racing within this state shall be distributed in the same manner as would be breakage arising from wagers at the association in the absence of a combined parimutuel pool. This section does not apply to the disposition of breakage allocated to the betting system located outside of the state.

(h) If wagers accepted by a betting system located outside of this state are included in the parimutuel pool of an association conducting racing in this state, funds in the parimutuel pool attributable to unclaimed tickets relating to wagers accepted by the association conducting racing within the state shall be distributed in the same manner as unclaimed tickets relating to wagers accepted by that association in the absence of a combined parimutuel pool. Funds in the parimutuel pool attributable to unclaimed tickets related to wagers accepted by the betting system located outside of this state shall be allocated to that betting system, and this section does not otherwise apply to the disposition of those funds at that location outside of the state.

SEC. 6. Section 19613.05 of the Business and Professions Code is amended to read:

19613.05. (a) Any association, including a fair, that conducts thoroughbred racing shall pay to the owners' organization, contracting with the association with respect to the conduct of thoroughbred racing *meetings*, an additional $1\frac{3}{4}$ 1.75 percent of the portion ~~required by~~ *deducted for purses pursuant to this chapter* for a national marketing program. *This payment is in addition to the distributions required pursuant to Section 19613.* These funds shall be used exclusively for the promotion of thoroughbred racing in conjunction with a national thoroughbred racing marketing program. Funds that may not be needed for this effort shall be returned to the purse pool at the racing associations where these funds were raised in direct proportion to the amount in which they were initially raised. The owners' organization shall file a report with the board and the respective Committees on Governmental Organization

1 of the Senate and Assembly, accounting for the receipt
2 and expenditure of these funds on an annual basis. The
3 board of directors of the owners' organization shall have
4 the discretion to select the national marketing
5 organization that shall be the recipient of these funds. If
6 the board of directors of the owners' organization decides
7 at any time not to contribute to the national marketing
8 organization, notice shall be given promptly to the
9 respective racing association or associations and the ~~1³/₄~~
10 1.75 percent deduction shall cease until the owners'
11 organization decides otherwise.

12 (b) *Any association, including a fair, that conducts*
13 *quarter horse racing shall pay to the horsemen's*
14 *organization contracting with the association with*
15 *respect to the conduct of quarter horse racing meetings,*
16 *up to 1 percent of the portion deducted for purses*
17 *pursuant to this chapter for a local, regional, or national*
18 *marketing program. This payment is in addition to the*
19 *distributions required pursuant to Section 19613. The*
20 *board of the contracting horsemen's organization shall*
21 *have the discretion to annually determine the purse*
22 *amount distributed for this purpose. These funds shall be*
23 *used exclusively for the promotion of horse racing in*
24 *conjunction with a local, regional, or national horse racing*
25 *marketing program. Funds that may not be needed for*
26 *this effort shall be returned to the purse pool at the racing*
27 *associations where these funds were raised in direct*
28 *proportion to the amount in which they were initially*
29 *raised. The horsemen's organization shall file a report*
30 *with the board and the respective Committees on*
31 *Governmental Organization of the Senate and Assembly,*
32 *accounting for the receipt and expenditure of these funds*
33 *on an annual basis. The board of directors of the*
34 *horsemen's organization shall have the discretion to*
35 *select the local, regional, or national marketing*
36 *organization that shall be the recipient of these funds. If*
37 *the board of directors of the quarter horse horsemen's*
38 *organization decides at any time not to contribute to the*
39 *local, regional, or national marketing organization, notice*
40 *shall be given promptly to the respective racing*

1 *association or associations and the 1 percent deduction*
2 *shall cease until the horsemen's organization decides*
3 *otherwise.*

4 (c) This section shall remain in effect only until
5 January 1, 2004, and as of that date is repealed, unless a
6 later enacted statute, that is enacted before January 1,
7 2004, deletes or extends that date.

